

SEYMOUR COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

Table of Contents

Officials		<u>Page</u> 1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-11
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	12
Statement of Activities	B	13-16
Governmental Fund Financial Statements:		
Balance Sheet	C	17
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	D	18
Statement of Revenues, Expenditures and Changes in Fund Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Net Position	G	21
Statement of Revenues, Expenditures and Changes in Fund Net Position	H	22
Statement of Cash Flows	I	23
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	J	24
Statement of Changes in Fiduciary Net Position	K	25
Notes to Financial Statements		26-35
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures Expenses and Changes in Balances-Budget and Actual-All Governmental Funds and Proprietary Fund		36-37
Notes to Required Supplementary Information-Budgetary Reporting		38
Schedule of Funding Progress for the Retiree Health Plan		39
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	41
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3	42
Capital Project Accounts:		
Combining Balance Sheet	4	43
Combining Schedule of Revenues, Expenditures and Changes in Balances	5	44
Schedule of Revenues by Source and Expenditures by Function-All Governmental Funds	6	45-46
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		47-48
Schedule of Findings and Questioned Costs		49-51

SEYMOUR COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Brent Brown	President	2015
Dan Furlin, Jr.	Board Member	2013
Tracy McMurray	Board Member	2013
Justin Keller	Board Member	2015
Jim Sandy	Board Member	2015
(After September 2013 Election)		
Brent Brown	President	2015
Justin Keller	Board Member	2015
James Sandy	Board Member	2015
Drew Power	Board Member	2017
Thomas Rembe	Board Member	2017
School Officials		
Brad Breon	Superintendent	2014
Mollie Banks	District Secretary/Treasurer and Business Manager	Indefinite

SEYMOUR COMMUNITY SCHOOL DISTRICT

STEPHANIE MENDENHALL CPA, P.C.
217 Broad Street
Humeston, Iowa 50123
641/877-6021

Independent Auditor's Report

To the Board of Education of
Seymour Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District, Seymour Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 36 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Seymour Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 24, 2014 2014 on my consideration of Seymour Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Seymour Community School District's internal control over financial reporting and compliance.

September 24, 2014

SEYMOUR COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Seymour Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. I encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$2,606,509 in fiscal year 2013 to \$2,328,003 in fiscal year 2014, while General Fund expenditures decreased from \$2,443,418 in fiscal year 2013 to \$2,366,604 in fiscal year 2014. The District's General Fund balance decreased from \$851,590 at the end of its fiscal year 2013 to \$812,989 at the end of fiscal year 2014, a 4.5% decrease.
- The fiscal year 2014 General Fund revenue decrease was attributable to a decrease in property tax revenue. The decrease in expenditures was due primarily to elimination of certified staff and administrative positions. The district entered into a sharing agreement with another local district for administrative and teaching services.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Seymour Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Seymour Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Seymour Community School District acts solely as an agent or custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary information provides detailed information about the nonmajor governmental funds.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statements of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-1 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-1 Condensed Statement of Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	June 30,		June 30,		June 30,	June 30,	
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 2,999	\$ 2,873	43	29	3,042	2,902	4.82%
Capital assets	829	888	8	12	837	900	-7.00%
Total assets	3,828	3,761	51	41	3,879	3,802	2.03%
Long-term liabilities	99	140	-	-	99	140	-29.29%
Other liabilities	1,342	1,268	12	8	1,354	1,276	6.11%
Total liabilities	1,441	1,408	12	8	1,453	1,416	2.61%
Net Position:							
Net investment in capital assets	773	821	8	12	781	833	-6.24%
Restricted	940	794	-	-	940	794	18.39%
Unrestricted	674	738	31	21	705	759	-7.11%
Total net position	2,387	2,353	39	33	2,426	2,386	1.68%

The District's net position increased 1%, or approximately \$40,000, from the prior year. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external, restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased approximately \$146,000 or 18% over the prior year. The increase was primarily a result of increased receipts in the Capital Projects Fund.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$54,000 or 7%. This reduction in unrestricted net position was a result of the District's net OPEB liability recorded in the current year and deficit general fund spending.

Figure A-2 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-2 Changes in Net Position (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District	Total Change	
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues:							
Program revenues:							
Charges for service	\$ 204	\$ 232	55	51	259	283	-8.48%
Operating grants, contributions and restricted interest	514	457	110	78	624	535	16.64%
Capital grants, contributions and restricted interest			-	-	-	-	-
General revenues:							
Property tax	885	1,145	-	-	885	1,145	-22.71%
Income surtax	76	73	-	-	76	73	4.11%
Statewide sales service and use tax	208	199	-	-	208	199	4.52%
Unrestricted intermediate grants	13	1	-	-	13	1	-
Unrestricted state grants	836	878	-	-	836	878	-4.78%
Unrestricted investment earnings	25	25	-	-	25	25	0.00%
Other	16	9			16	9	77.78%
Total revenues	2,777	3,019	165	129	2,942	3,148	-6.54%
Program expenses:							
Instruction	1,737	1,845	-	-	1,737	1,845	-5.85%
Support services	870	820	-	-	870	820	6.10%
Non-instructional programs	-	-	159	134	159	134	18.66%
Other expenses	136	136	-	-	136	136	0.00%
Total expenses	2,743	2,801	159	134	2,902	2,935	-1.12%
Increase (decrease) in net position	34	218	6	(5)	40	213	(0.81)
Net position beginning of year	2,353	2,135	33	38	2,386	2,173	9.80%
Net position end of year	2,387	2,353	39	33	2,426	2,386	1.68%

In fiscal year 2014, property tax and unrestricted state grants accounted for 62% of governmental activities revenue while charges for service and operating grants, contributions and restricted interest accounted for 100% of business type activities revenue. The District's total revenues were approximately \$2.94 million, of which approximately \$2.78 million was for governmental activities and less than \$165,000 was for business type activities.

As show in Figure A-2, the District as a whole experienced a 6.54% decrease in revenues and a 1.12% decrease in expenses. Property taxes decreased approximately \$260,000. Instruction expenditures decreased \$108,000, but plant operation expenditures increased \$45,000.

Governmental Activities

Revenues for governmental activities were \$2,777,086 and expenses were \$2,743,005 for the year ended June 30, 2014. The District was able to balance the budget because of continued emphasis to reduce or maintain spending.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-3
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	Change			Change		
	2014	2013	2013-2014	2014	2013	2013-2014
Instruction	\$1,737	\$1,845	-5.85%	1,119	1,253	-10.69%
Support services	870	820	6.10%	870	820	6.10%
Non-instruction	-	-	-	-	-	-
Other expenses	136	136	0.00%	36	40	-10.00%
Total	2,743	2,801	-2.07%	2,025	2,113	-4.16%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$204,073.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$514,254.
- The net cost of governmental activities was financed with \$1,169,945 in property and other taxes and \$836,141 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$165,164, representing a 27% increase over the prior year, while expenses totaled \$159,393, an 18.8% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District added a salad bar resulting in an increase in meals served. There was much higher participation in the breakfast program due to before school activities. Also a new summer meal program was started in June 2014.

INDIVIDUAL FUND ANALYSIS

As previously noted, Seymour Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,719,883 above last year's ending fund balances of \$1,621,819.

Governmental Fund Highlights

- The District's desire is to maintain a high quality educational program within the current tax structure. The District's General Fund balance decreased from \$851,590 in fiscal 2013 to \$812,989 in fiscal year 2014 due to a decrease in property tax receipts. The District was unable to levy cash reserve as in the past. This was offset by a \$46,815 reduction in expenditures.
- The General Fund balance position has been addressed in a variety of methods in order to continue the facilitation of student learning and achievement and reduce spending: The non-replacement of two full time certified staff positions and the sharing of administrative staff and certified staff positions will also result in savings to the District. The District will also utilize PPEL and SAVE funds to reduce General Fund expenditures.

Proprietary Fund Highlights

School Nutrition Fund net position increased from \$31,054 at June 30, 2013 to \$38,990 at June 30, 2014, representing an increase of approximately 27%. For fiscal year 2014, the District increased meal prices, resulting in an increase in revenues. The District also revamped its school lunch program to provide students with the option of a salad bar at lunch. This change resulted in an increase in meals served and a related increase in revenue. Due to additional before school activities there was much higher participation in the breakfast program.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$26,725 more than total budgeted revenues, a variance of less than 1%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested approximately \$.837 million, net of accumulated depreciation in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment. (See Figure A-4) This represents a net decrease of 7.0% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$100,052.

The original cost of the District's capital assets was approximately \$2.64 million. Governmental funds account for approximately \$2.61 million, with the remainder of approximately \$0.03 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-4
Capital Assets, net of Depreciation
(expressed in thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-2014
Land	\$ 3	\$ 3	-	-	3	3	0.00%
Buildings	701	746	-	-	701	746	-6.03%
Furniture and equipment	125	139	8	12	133	151	-11.92%
Total	829	888	8	12	837	900	-7.00%

Long-Term Debt

At June 30, 2014, the District had outstanding a \$55,776 capital lease. Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-5
Outstanding Long-Term Obligations
(expressed in thousands)

	Total District		Total Change
	June 30,		June 30,
	2014	2013	2013-2014
Capital lease	\$55,776	65,399	-15%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances which could significantly affect its financial health in the future:

- The District property tax rate increased from 10.08 in fiscal 2014 to 10.85 in fiscal 2015 due to the District's ability to request additional allowable growth for the At-Risk program. District valuations decreased 3.147 million, which also increased the District tax rate slightly.
- The District experienced significant student growth in FY 2014 with an increase of 26 students and is expected to continue to increase in future years as determined by state data. Due to participation in the Statewide Voluntary Preschool Program, drop out prevention monies and growth of student enrollment the District has increased its general fund budget by over \$400,000 for 2014-2015 school year. The District also expects an increase in transportation costs from the prior year.
- The District continues to operate on a year-to-year collective agreement with the Seymour Education Teacher's Association. Recent negotiated settlements resulted in a 3.875 percentage increase for certified staff, as well as non-certified staff.
- Residents of the District will be voting in December 2014, on a \$3,300,000 bond issuance for replacement of the high school building.
- If there is passage of the bond issuance, Capital Projects Funds will be used for demolition of the existing high school building.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mollie Banks, District Secretary/Treasurer and Business Manager, Seymour Community School District, Seymour, Iowa 52590.

Basic Financial Statements

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Year ended June 30, 2014

	Governmental Activities	Business type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,752,962	36,168	1,789,130
Receivables:			
Property tax:			
Delinquent	24,082	-	24,082
Succeeding year	976,671	-	976,671
Income tax succeeding year	73,287	-	73,287
Due from other governments	172,420	5,405	177,825
Inventories	-	1,504	1,504
Capital assets, net of accumulated depreciation	829,336	7,936	837,272
Total assets	3,828,758	51,013	3,879,771
Liabilities			
Accounts payable	23,885	-	23,885
Salaries and benefits payable	205,696	10,011	215,707
Accrued interest payable	2,039	-	2,039
Long-term liabilities:			
Portion due within one year:			
Capital lease	55,776	-	55,776
Retirement benefits	4,875	-	-
Portion due after one year:			
Capital lease	-	-	-
Retirement benefits	9,750	-	-
Net OPEB liability	89,386	-	89,386
Total liabilities	391,407	10,011	386,793
Deferred Inflows of Resources			
Other	-	2,012	2,012
Succeeding year property tax	976,671	-	976,671
Succeeding year income surtax	73,287	-	73,287
Total deferred inflows of resources	1,049,958	2,012	1,051,970
Net Position			
Invested in capital assets, net of related debt	773,290	7,936	781,226
Restricted for:			
Categorical funding	47,738	-	47,738
Management levy	145,745	-	145,745
Student activities	65,238	-	65,238
School infrastructure	641,363	-	641,363
Physical plant and equipment	39,923	-	39,923
Unrestricted	674,096	31,054	705,150
Total net position	2,387,393	38,990	2,426,383

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,204,849	96,972	390,486	-
Special instruction	161,266	13,662	23,459	-
Other instruction	370,807	93,439	-	-
	1,736,922	204,073	413,945	-
Support Service:				
Student	20,453	-	-	-
Instructional staff	122,391	-	-	-
Administration	313,800	-	-	-
Operation and maintenance of plant	238,508	-	-	-
Transportation	174,531	-	-	-
	869,683	-	-	-
Non-instructional programs	250	-	-	-
Other expenditures:				
Facilities acquisition	33,584	-	-	-
Long-term debt interest	2,257	-	-	-
AEA flowthrough	100,309	-	100,309	-
	136,150	-	100,309	-
Total governmental activities	2,743,005	204,073	514,254	-
Business type activities:				
Non-instructional programs:				
Food service operations	159,393	55,512	109,170	-
	159,393	55,512	109,170	-
Total	\$ 2,902,398	259,585	623,424	-

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
(717,391)	-	(717,391)
(124,145)	-	(124,145)
(277,368)	-	(277,368)
(1,118,904)	-	(1,118,904)
(20,453)	-	(20,453)
(122,391)	-	(122,391)
(313,800)	-	(313,800)
(238,508)	-	(238,508)
(174,531)	-	(174,531)
(869,683)	-	(869,683)
(250)		(250)
(33,584)	-	(33,584)
(2,257)	-	(2,257)
-	-	-
(35,841)	-	(35,841)
(2,024,678)	-	(2,024,678)
-	5,289	5,289
	5,289	5,289
(2,024,678)	5,289	(2,019,389)

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2014

	Program Revenues		
	Charges for	Operating	Capital Grants,
Expenses	Service	Grants, Contributions and Restricted Interest	Contributions and Restricted Interest
Continued from previous page			
General Revenues:			
Property tax levied for:			
General purposes			
Income surtax			
Local option sales and services tax			
Unrestricted intermediate grants			
Unrestricted state grants			
Unrestricted investment earnings			
Other			
 Total general revenues			
 Change in net position			
 Net position beginning of year			
 Net position end of year			

See notes to financial statements.

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business Type Activities	Total
885,193	-	885,193
76,380	-	76,380
208,372	-	208,372
13,040	-	13,040
836,141	-	836,141
24,329	482	24,811
15,304	-	15,304
2,058,759	482	482
34,081	5,771	39,852
2,353,312	33,219	2,386,531
2,387,393	38,990	2,426,383

SEYMOUR COMMUNITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Assets					
Cash and pooled investments	\$ 937,506	-	592,544	222,912	1,752,962
Receivables:					
Property tax:					
Current year delinquent	20,598	-	788	2,696	24,082
Succeeding year	873,493	-	28,178	75,000	976,671
Income tax succeeding year	73,287	-	-	-	73,287
Due from other governments	82,322	-	90,098	-	172,420
Total assets	1,987,206	-	711,608	300,608	2,999,422
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	21,741	-	2,144	-	23,885
Salaries and benefits payable	205,696	-	-	-	205,696
	227,437	-	2,144	-	229,581
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	873,493	-	28,178	75,000	976,671
Succeeding year income surtax	73,287	-	-	-	73,287
Total deferred inflows of resources	946,780	-	28,178	75,000	1,049,958
Fund balances:					
Restricted for:					
Categorical funding	47,738	-	-	-	47,738
Management levy	-	-	-	160,370	160,370
Student activities	-	-	-	65,238	65,238
School infrastructure	-	-	641,363	-	641,363
PPEL	-	-	39,923	-	39,923
Unassigned	765,251	-	-	-	765,251
Total fund balances	812,989	-	681,286	225,608	1,719,883
Total liabilities, deferred inflows of resources and fund balances	1,987,206	-	711,608	300,608	2,999,422

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Total fund balances of governmental funds (pg. 16)	\$1,719,883
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***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial
financial resources and, therefore, are not reported as assets
assets in the governmental funds.

829,336

Long-term liabilities, including bonds payable and other
postretirement benefits payable are not due and payable in
in the current period and, therefore, are not reported as
liabilities in the governmental funds.

(161,826)

Net position of governmental activities (pg. 11)

\$ 2,387,393

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2014

	General	Debt Service	Capital Projects	Nonmajor	Total
Revenues:					
Local sources:					
Local tax	\$ 833,506	-	237,329	99,110	1,169,945
Tuition	103,209	-	-	-	103,209
Other	27,853	-	15,015	97,629	140,497
Intermediate	13,040	-	-	-	13,040
State sources	1,188,404	-	-	-	1,188,404
Federal sources	161,991	-	-	-	161,991
Total revenues	2,328,003	-	252,344	196,739	2,777,086
Expenditures:					
Current:					
Instruction:					
Regular instruction	1,155,453	-	29,646	-	1,185,099
Special instruction	161,266	-	-	-	161,266
Other instruction	261,101	-	10,740	98,966	370,807
	1,577,820	-	40,386	98,966	1,717,172
Support services:					
Student	20,453	-	-	-	20,453
Instructional staff	122,391	-	-	-	122,391
Administration	224,406	-	-	82,559	306,965
Operation and maintenance of plant	186,016	-	44,693	-	230,709
Transportation	134,959	-	-	-	134,959
	688,225	-	44,693	82,559	815,477
Non-instructional programs	250	-	-	-	250
Other expenditures:					
Facilities acquisition	-	-	33,584	-	33,584
Long-term debt:					
Principal	-	9,622	-	-	9,622
Interest and fiscal charges	-	2,608	-	-	2,608
AEA flowthrough	100,309	-	-	-	100,309
	100,309	12,230	33,584	-	146,123
Total expenditures	2,366,604	12,230	118,663	181,525	2,679,022
Excess (deficiency) of revenues over (under) expenditures	(38,601)	(12,230)	133,681	15,214	98,064
Other financing sources:					
Operating transfers in	-	12,230	-	-	12,230
Operating transfers out	-	-	(12,230)	-	(12,230)
Total other financing sources	-	12,230	(12,230)	-	-
Net change in fund balances	(38,601)	-	121,451	15,214	98,064
Fund balances beginning of year	851,590	-	559,835	210,394	1,621,819
Fund balances end of year	\$ 812,989	-	681,286	225,608	1,719,883

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
Year ended June 30, 2014

Change in fund balances-total governmental funds (pg. 18)

***Amounts reported for governmental activities in the
Statement of Activities are different because:***

\$ 98,064

Capital outlays to purchase or build capital assets are reported reported in governmental funds as expenditures. However, those costs are reported in the Statement of Activities and are allocated over the estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	37,126	
Depreciation expense	<u>(96,207)</u>	(59,081)

Repayment of long-term debt principal is an expenditure in the in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position.	9,622
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	351
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(14,875)</u>
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Change in net position of governmental activities (pg. 12-15)

\$ 34,081

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2014

	<u>School Nutrition</u>
Assets	
Cash and cash equivalents	\$ 36,168
Due from other governments	5,405
Inventories	1,504
Capital assets, net of accumulated depreciation	7,936
Total assets	<u>51,013</u>
Liabilities	
Salaries and benefits payable	10,011
Deferred revenue	2,012
Total liabilities	<u>12,023</u>
Net Position	
Invested in capital assets, net of related debt	7,936
Unrestricted	31,054
Total net position	<u>\$ 38,990</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
Year ended June 30, 2014

	<u>School Nutrition</u>
Operating revenues:	
Local sources	
Charges for service	<u>\$ 55,512</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	53,337
Benefits	8,774
Supplies	93,437
Depreciation	3,845
Total operating expenses	<u>159,393</u>
Operating loss	<u>(103,881)</u>
Non-operating revenues:	
State sources	1,434
Federal sources	107,736
Local sources	482
Total non-operating revenues	<u>109,652</u>
Net income	5,771
Net position beginning of year	<u>33,219</u>
Net position end of year	<u><u>\$ 38,990</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2014

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of meals	\$ 55,719
Cash payments to employees for services	(58,656)
Cash payments to suppliers for goods or services	(84,290)
Net cash used by operating activities	<u>(87,227)</u>
Cash flows from non-capital financing activities:	
State grants received	1,434
Federal grants received	92,664
Net cash provided by non-capital financing activities	<u>94,098</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>482</u>
Net increase in cash and cash equivalents	7,353
Cash and cash equivalents at beginning of year	<u>28,815</u>
Cash and cash equivalents at end of year	<u><u>36,168</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(103,881)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Commodities used	9,667
Depreciation	3,845
Decrease in inventory	(520)
Increase in payables	3,455
Increase in deferred revenue	207
Net cash used by operating activities	<u><u>(87,227)</u></u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust Scholarship
Assets	
Cash and pooled investments	\$ 130,924
Total assets	<u>130,924</u>
Liabilities	
Accounts payable	-
Total liabilities	<u>-</u>
Net position	
Reserved for scholarships	<u>130,924</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2014

	Private Purpose Trust Scholarship
Additions:	
Local sources:	
Contribution	\$ 500
Interest income	1,985
Total additions	<u>2,485</u>
Deductions:	
Instruction:	
Scholarships awarded	<u>13,000</u>
	<u>13,000</u>
Change in net position	(10,515)
Net position beginning of year	<u>141,439</u>
Net position end of year	<u>\$ 130,924</u>

See notes to financial statements.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

(1) Summary of Significant Accounting Policies

Seymour Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area includes the Cities of Seymour and Promise City, Iowa, and the predominate agricultural territory in Wayne and Appanoose Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Seymour Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Wayne County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purpose of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$5,000
Buildings	5,000
Improvement other than buildings	5,000
Intangibles	25,000
Furniture and equipment	
School Nutrition Fund equipment	1,000
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 years
Improvements other than buildings	20-40 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grants - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year end. Those committed amounts cannot be used for any purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amount budgeted in the non-instructional functional area.

(2) Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$12,313

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance beginning of year	Increases	Decreases	Balance end of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$3,150	-	-	3,150
Total capital assets not being depreciated	3,150	-	-	3,150
Capital assets being depreciated:				
Buildings	2,013,390	-	-	2,013,390
Improvements other than buildings	-	-	-	-
Furniture and equipment	558,813	37,126	-	595,939
Total capital assets being depreciated	2,572,203	37,126	-	2,609,329
Less accumulated depreciation for:				
Buildings	1,267,740	44,925	-	1,312,665
Improvements other than buildings	-	-	-	-
Furniture and equipment	419,196	51,282	-	470,478
	1,686,936	96,207	-	1,783,143
Total capital assets being depreciated, net	885,267	(59,081)	-	826,186
Governmental activities capital assets, net	888,417	(59,081)	-	829,336
Business type activities:				
Furniture and equipment	30,754	-	-	30,754
Less accumulated depreciation	18,973	3,845		22,818
	11,781	(3,845)	-	7,936
Depreciation expenses was charged to the following functions:				
Support services:				
Administration				11,710
Operation and maintenance				39,572
Transportation				44,925
Total depreciation expense - governmental activities				96,207
Business type activities:				
Food service operations				3,845

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capital lease	\$ 65,398	-	(9,622)	55,776	55,776
Retirement benefits	19,500		(4,875)	14,625	4,875
Net OPEB liability	69,636	21,069	(1,319)	89,386	-
	154,534	21,069	(15,816)	159,787	60,651

During the year ended June 30, 2012 the District entered into a capital lease for the purchase of two school buses. The capital lease has an interest rate of 3.99%. The capital lease is payable from the General Fund or the Capital Projects Fund. Details of the capital lease are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.99%	\$55,776	2,224	58,000

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provided retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$197,590, \$215,976 and \$202,424, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 21 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under the age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirement of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contributions	\$ 24,786
Interest on net OPEB obligation	1,741
Adjustment to annual required contribution	(5,458)
Annual OPEB cost	<u>21,069</u>
Contributions made-implicit	(1,319)
Increase in net OPEB obligation	<u>19,750</u>
Net OPEB obligation beginning of year	<u>69,636</u>
Net OPEB obligation end of year	<u><u>89,386</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$160,461 to the medical plan. Plan members eligible for benefits contributed \$91,839, or 36% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$19,109	-	\$50,335
June 30, 2013	22,049	12.40%	69,636
June 30, 2014	21,069	6.20%	89,386

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$134,146, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$134,146. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$995,000 and the ratio of the UAAL to covered payroll was 13.5%. As of June 30, 2014 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medial trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2012 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2012.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Retirement Benefits

The District agreed to pay \$460.25 per month for 60 months for health insurance for a retired administrator/teacher beginning July 2012. The payments are made from the Management Fund.

(9) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$100,309 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional not disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

SEYMOUR COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and
 Changes in Balances - Budget and Actual - All Governmental Funds
 and Proprietary Fund
 Required Supplementary Information
 Year ended June 30, 2014

	Governmental Funds Actual	Proprietary Fund Actual
Revenues:		
Local sources	\$ 1,413,651	55,994
Intermediate sources	13,040	-
State sources	1,188,404	1,434
Federal sources	161,991	107,736
Total revenues	<u>2,777,086</u>	<u>165,164</u>
Expenditures:		
Instruction	1,717,172	-
Support services	815,477	-
Non-instructional programs	250	159,393
Other expenditures	146,123	-
Total expenditures	<u>2,679,022</u>	<u>159,393</u>
Excess (deficiency) of revenues over (under) expenditures	98,064	5,771
Other financing sources	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	98,064	5,771
Balances beginning of year	<u>1,621,819</u>	<u>33,219</u>
Balances end of year	<u><u>\$ 1,719,883</u></u>	<u><u>38,990</u></u>

See accompanying independent auditor's report.

Total Actual	Original Budgeted Amount	Final to Actual Variance
1,469,645	1,524,807	(55,162)
13,040	5,500	7,540
1,189,838	1,130,218	59,620
269,727	255,000	14,727
2,942,250	2,915,525	26,725
1,717,172	2,016,000	(298,828)
815,477	1,274,340	(458,863)
159,643	149,316	10,327
146,123	177,911	(31,788)
2,838,415	3,617,567	(779,152)
103,835	(702,042)	
-	-	
103,835	(702,042)	
1,655,038	749,961	
1,758,873	47,919	

SEYMOUR COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2014, expenditures in the non-instruction function exceeded the amount budgeted.

SEYMOUR COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Funded Ratio	Covered Payroll	UUAL as a Percentage of Covered Payroll
2010	July 1, 2009	-	\$154,789	154,789	0.00%	1,509,968	10.20%
2011	July 1, 2009	-	153,656	153,656	0.00%	1,314,346	11.70%
2012	July 1, 2009	-	153,656	153,656	0.00%	1,089,771	14.10%
2013	July 1, 2012	-	143,583	143,583	0.00%	1,260,135	11.39%
2014	July 1, 2012	-	134,146	134,146	0.00%	995,250	13.48%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

Supplementary Information

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Assets			
Cash and pooled investments	\$ 157,674	65,238	222,912
Receivables:			
Property tax:			
Current year delinquent	2,696	-	2,696
Succeeding year	75,000	-	75,000
Total assets	235,370	65,238	300,608
Liabilities, Deferred Inflows of Resources and Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	75,000	-	75,000
Total deferred inflows of resources	75,000	-	75,000
Fund Balances:			
Restricted for:			
Management levy purposes	160,370	-	160,370
Student activities	-	65,238	65,238
	160,370	65,238	225,608
Total liabilities, deferred inflows of resources and fund balances	\$ 235,370	65,238	300,608

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2014

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 99,110	-	99,110
Other	3,091	94,538	97,629
State sources	-	-	-
Total revenues	102,201	94,538	196,739
Expenditures:			
Current			
Instruction:			
Other	-	98,966	98,966
Support services:			
Administrative support	82,559	-	82,559
Other expenditures:			
Facilities acquisition	-	-	-
Total expenditures	82,559	98,966	181,525
Excess (deficiency) of revenues over (under) expenditures	19,642	(4,428)	15,214
Fund balances beginning of year	140,728	69,666	210,394
Fund balances at end of year	\$ 160,370	65,238	225,608

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
Year ended June 30, 2014

Account	Balance Beginning Of Year	Revenues	Expenditures	Balance End of Year
Athletics	\$ 13,845	31,795	33,484	12,156
FFA	16,481	23,240	27,551	12,170
FCCLA	898	1,286	1,041	1,143
General	8,460	8,123	7,147	9,436
Vocal Music	2,797	2,357	3,917	1,237
Band	11,554	7,070	7,102	11,522
Student Council	1,715	2,675	656	3,734
Cheerleaders	1,180	340	421	1,099
S Club	2,284	2,313	4,330	267
Post Prom	1,748	2,990	2,504	2,234
Speech	1,771	-	416	1,355
Wayne County Coalition	564	-	31	533
Class of 2013	605		605	-
Class of 2014	2,837	870	2,356	1,351
Class of 2015	2,399	5,448	5,288	2,559
Class of 2016	528	4,065	1,476	3,117
Class of 2017	-	1966	641	1,325
Totals	\$ 69,666	94,538	98,966	65,238

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Capital Project Accounts
Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and pooled investments	\$ 551,265	\$ 41,279	\$ 592,544
Receivables:			
Property tax:			
Delinquent	-	788	788
Succeeding year	-	28,178	28,178
Due from other governments	90,098	-	90,098
Total Assets	641,363	70,245	711,608
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	-	2,144	2,144
Total liabilities	-	2,144	2,144
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	28,178	28,178
Total deferred inflows of resources	-	28,178	28,178
Fund Balances:			
Restricted for:			
School infrastructure	641,363	-	641,363
Physical plant and equipment	-	39,923	39,923
Total fund balances	641,363	39,923	681,286
Total liabilities, deferred inflows of resources and fund balances	641,363	70,245	711,608

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balance
Capital Project Accounts
Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 208,372	\$ 28,957	\$ 237,329
Other	14,546	469	15,015
Total revenues	222,918	29,426	252,344
Expenditures:			
Instruction:			
Regular	29,646	-	29,646
Other instruction		10,740	10,740
Support services:	-		
Administration	-	-	-
Plant operation	44,693	-	44,693
Other expenditures:			
Facilities acquisition	32,234	1,350	33,584
Total expenditures	106,573	12,090	118,663
Excess of revenue over expenditures	116,345	17,336	133,681
Other financing uses:			
Operating transfer out	(12,230)	-	(12,230)
Total other financing sources (uses)	(12,230)	-	(12,230)
Excess of revenues and other financing sources over expenditures and other financial uses	104,115	17,336	121,451
Fund balances beginning of year	537,248	22,587	559,835
Fund balances end of year	641,363	39,923	681,286

See accompanying independent auditor's report.

SEYMOUR COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis			
	2014	2013	2012	2011
Revenues:				
Local sources:				
Local tax	1,169,945	1,417,550	\$ 1,594,570	\$ 1,501,658
Tuition	103,209	127,955	76,305	90,953
Other	140,497	137,560	158,502	199,187
Intermediate sources	13,040	1,000	7,821	3,974
State sources	1,188,404	1,170,100	1,132,965	1,055,472
Federal sources	161,991	165,190	164,136	229,528
Total	2,777,086	3,019,355	3,134,299	3,080,772
Expenditures:				
Instruction:				
Regular	1,138,467	1,310,965	1,319,567	1,182,977
Special	207,898	182,818	216,949	223,921
Other	370,807	351,751	224,036	286,670
Support services:				
Student	20,453	26,704	60,946	64,594
Instructional staff	122,391	92,061	86,029	97,042
Administration	306,965	273,926	253,128	281,222
Operation and maintenance of plant	230,709	185,251	163,255	197,746
Transportation	134,959	112,903	235,016	185,892
Central support			-	-
Non-instructional programs	250	250	250	250
Other expenditures:				
Facilities acquisition	33,584	36,982	123,749	30,033
Long-term debt:				
Principal	9,622	9,246	12,230	85,000
Interest and other charges	2,608	2,984	-	4,700
AEA flowthrough	100,309	96,290	94,776	108,278
Total	2,679,022	2,682,131	2,789,931	2,748,325

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
\$ 1,360,440	\$ 1,305,467	\$ 1,286,880	\$ 1,237,767	\$ 1,184,489	\$ 1,110,940
147,478	117,318	44,756	29,586	33,187	32,188
150,123	101,399	135,171	142,413	133,087	117,182
9,195	21,552	20,805	20,976	7,820	9,730
859,634	1,336,590	1,465,071	1,501,281	1,523,719	1,428,263
341,684	183,211	185,390	218,008	303,515	284,052
2,868,554	3,065,537	3,138,073	3,150,031	3,185,817	2,982,355
1,260,701	1,370,591	1,296,284	\$ 1,268,925	1,159,129	1,128,622
277,296	204,556	299,415	449,514	390,671	491,148
362,083	339,650	340,389	238,683	348,390	337,582
84,913	74,446	88,547	87,398	90,296	89,263
66,480	61,235	61,104	91,178	128,391	115,260
356,514	346,908	338,057	318,580	330,017	316,867
204,391	215,003	214,098	235,286	318,076	211,133
220,629	149,087	230,251	214,637	209,847	212,484
-	-	-	-	-	519
250	250	250	250	250	-
47,898	45,310	69,468	-	-	-
80,000	80,000	75,000	70,000	65,000	65,000
8,570	12,490	16,090	19,380	22,381	25,295
108,129	102,462	101,679	101,544	99,068	99,994
3,077,854	3,001,988	3,130,632	3,095,375	3,161,516	3,093,167

STEPHANIE MENDENHALL CPA, P.C.
217 Broad Street
Humeston, Iowa 50123
641/877-6021

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Seymour Community School District

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Seymour Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated September 24, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Seymour Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Seymour Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Seymour Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified deficiencies in internal control I consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 to be material weaknesses.

Compliance and Other Matters.

As part of obtaining reasonable assurance about whether Seymour Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Seymour Community School District's Responses to the Findings

Seymour Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Questioned Costs. Seymour Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Seymour Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I will be pleased to discuss them with you at your convenience.

September 24, 2014

SEYMOUR COMMUNITY SCHOOL DISTRICT
Schedule Findings and Questioned Costs
Year ended June 30, 2014

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-14 Segregation of duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

Recommendation - I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response and Corrective Action Planned - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

II-B-14 Purchase Orders - For two disbursements tested, there were no purchase orders prepared when deemed applicable. Purchase orders were not prepared for the purchase of transportation fuel or yearbooks.

Recommendation - Purchase orders help to insure that there is proper authorization for the purchase and the quantity and prices stated in the purchase order is reflected in the billing invoice.

Response - It was an isolated instance that a purchase order was not prepared. All other fuel purchases were properly supported with a purchase order. Administrative personnel were not available at the time the fuel was purchased.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards:

Not applicable since less than \$500,000 in federal awards.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget -Expenditures for the year ended June 30, 2014 exceeded the certified budget amount in non-instructional functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV-B-14 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employee were noted.

IV-D-14 Business Transactions - No business transactions were noted between the District and District officials or employees.

IV-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-14 Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.

IV-G-14 Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

IV-H-14 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-14 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-14 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-K-14 Categorical Funding - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

- IV-L-14 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$537,248
Statewide sales, services and use tax	\$208,372	
Other receipts	<u>14,546</u>	222,918
Expenditures/transfers out:		
School infrastructure:		
Buildings		
Instruction equipment	76,927	
Transfer to other fund:	29,646	
Debt service		
Capital lease for transportation equipment	<u>12,230</u>	<u>118,803</u>
Ending balance		<u><u>641,363</u></u>

For the year ended June 30, 2014 the District did not reduce any levies as result of the monies received under Chapter 423E or 423F of the Code of Iowa.

- IV-M-14 Student Activity Receipts - For several years, grants have been received from Wayne County Coalition to be used to introduce nutritional eating ideas into the curriculum.

Recommendation - The money was not co-curricular in nature and should reclass these accounts to the appropriate fund.

Response - During the next year this money will be spent in the after school program to educate young students of the importance of healthy eating.

Conclusion - This has been the response for several years, but the available monies have not been spent.

- IV-N-14 Student Activity Fund - The District applied for an received a grant through the Wayne County Foundation to install a new fence on the baseball field. The grant money was deposited into the Student Activity - Athletics Account. The expenditures for the fence were paid from this account with the balance remaining paid from the PPEL fund.

Recommendation - The grant proceeds should have been deposited into the PPEL Fund and all expenditures paid from this fund. The grant was not co-curricular in nature and should not been deposited into the Student Activity Fund.

Response - We will take under advisement.

Conclusion - Response accepted.

Stephanie Mendenhall, CPA, Humeston, Iowa released an audit report on Seymour Community School District.

The District's revenues totaled \$2,777,086 for the year ended June 30, 2014, a 8.0% decrease from the prior year. Revenues included \$1,169,945 in local tax, charges for service of \$204,073, operating grants, contributions and restricted interest of \$514,254, unrestricted interest of \$24,329 and other revenues of \$864,485.

Expenses for District operations totaled \$2,743,005 a 2.0% increase from the prior year. Expenses included \$1,736,922 for instruction, \$869,683 for support services and \$136,400 for other expenditures.

A copy of the audit report is available for review in the District Secretary's office in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

